

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE DEPARTMENT OF TRANSPORTATION
HAS MISMANAGED EMPLOYEE
TRAVEL AND OVERTIME**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

P-629.1

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MISMANAGED EMPLOYEE TRAVEL AND OVERTIME

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June 25, 1986

P-629.1

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Department of Transportation's mismanagement of employee travel and overtime. The report shows that the department's policies for travel are not in compliance with state regulations, that some individuals approve their own claims for travel reimbursement without other supervisory review, that the department has made questionable long-term assignments, that supervisors are not properly monitoring employee travel claims, and that controls over airline ticket use are weak. Furthermore, the report indicates that the department's procedures for paying employee overtime are not consistent with state regulations and its own policy and that the department's practice of approving overtime is questionable.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Hayes".
THOMAS W. HAYES
Auditor General

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SUMMARY

RESULTS IN BRIEF

The Department of Transportation (department) has not enforced the State's or its own travel and overtime policies. As of June 13, 1986, the department's own internal reviews and our review had revealed over \$284,000 in inappropriate travel and overtime meal claims made by the department's employees. These inappropriate claims were primarily due to the department's travel policies being inconsistent with state regulations. Before our review, the department began reviewing the travel claims and overtime use of its employees.

BACKGROUND

The department is responsible for planning, developing, constructing, and maintaining the State's transportation facilities. In carrying out their responsibilities, some of the department's employees incur travel expenses and overtime. During fiscal year 1985-86, the department employed approximately 15,000 employees and had a total budget of \$2.9 billion. Between July 1, 1985, and April 30, 1986, the department spent \$12.3 million on employees' in-state travel expenses, and employees worked 1.4 million hours of overtime, which cost the department \$24.5 million.

In February 1986, the Department of Finance asked the department to review the overtime worked by 20 of the department's employees who appeared to have used excessive overtime. In response to this request, the director of the department required the Caltrans Audits Office to review the overtime claims of these employees. In addition, the department was concerned that some employees were inappropriately claiming reimbursements of travel expenses. Therefore, the director of the department requested the Caltrans Audits Office to review travel claims for instances of inappropriate reimbursements to employees.

PRINCIPAL FINDINGS

The Department Has Overpaid Mileage Reimbursements to Its Employees

The department's policy for reimbursing its employees for using their own vehicles is inconsistent with state regulations. The department has been paying some employees up to 30 cents per mile even though they were entitled to receive only 16.5 cents. As a result, the department has overpaid some of its employees by as much as 82 percent when employees used their own vehicles to conduct state business. For example, for July through December 1985, the department reimbursed 291 employees for driving 2 million miles in their own vehicles. We determined that the department overpaid these employees at least \$268,469 as a result of its inappropriate policy for mileage reimbursement.

The Department Needs Better Controls Over Travel Policies and Claims

State regulations require that an employee's supervisor or another "appropriate authority" approve the employee's travel claim. Most of the department's employees are required to adhere to this regulation; however, before May 20, 1986, the department allowed at least 81 of its managers to approve their own travel claims. As a result of this practice, two managers received over \$9,200 in inappropriate travel reimbursements since March 1983.

Furthermore, the department's managers and supervisors have failed to conduct adequate supervisory reviews of employees' travel reimbursement claims, and the department has not adequately instructed its employees on how to properly prepare travel claims. Because of the lack of supervisory control over travel reimbursement in one of the department's units, 4 employees were disciplined for filing fraudulent travel claims, and 11 employees were required to make \$4,899 in restitution for inappropriate travel claims.

The Department's Long-Term
Assignment Policies
Are Questionable

The reason for long-term per diem is to allow the department's employees to maintain their primary residence while on a temporary assignment away from home. However, some employees may receive \$21 per diem even though they do not maintain a primary residence. Furthermore, employees on long-term assignments may receive long-term per diem for an unlimited time. As a result, some employees on long-term assignments may receive more money from long-term per diem than from relocation allowances.

The Department's Procedures
for Approving and Paying
Overtime Are Improper

Supervisors allowed employees to be paid for more overtime than they worked and for accumulated breaks and lunch times. During fiscal year 1985-86, some supervisors had an informal policy that allowed their employees to work through their breaks and lunch periods and to leave early. The employees would then claim the time that would have been taken for breaks and lunch as overtime worked.

The Department Has Taken
Corrective Actions

In response to the reviews revealing travel abuses and overtime misuse, the department has revised inappropriate or questionable policies, sought restitution from employees for excessive travel and overtime meal payments, and taken disciplinary actions against managers, supervisors, and employees who abused travel and overtime.

RECOMMENDATIONS

The department should take the following actions during its on-going efforts to improve control over travel expenses and overtime use:

- Adhere to state regulations concerning travel;
 - Ensure that supervisors and employees understand travel regulations and the preparation of travel claims;
 - Have the Caltrans Audits Office conduct limited audits of employees' travel claims;
 - Reconsider the policies concerning long-term assignments and payment of long-term per diem; and
 - Ensure that department policies governing overtime are followed.
-

AGENCY COMMENTS

The Business, Transportation and Housing Agency concurs with our recommendations and will incorporate our recommendations into the Department of Transportation's ongoing efforts to improve its management of employee travel and overtime.

INTRODUCTION

The Department of Transportation (department) is responsible for planning, developing, constructing, and maintaining the State's transportation facilities. During fiscal year 1985-86, the department employed approximately 15,000 people and had a budget of \$2.9 billion. In carrying out their responsibilities, the department's employees incur travel expenses and overtime. Between July 1, 1985, and April 30, 1986, the department spent \$12.3 million on employee travel expenses for in-state travel. In addition, the department's employees worked almost 1.4 million hours of overtime at a cost of \$24.5 million.

In February 1986, the Department of Finance identified 20 of the department's employees who had worked between 1,150 and 2,100 hours of overtime between August 1984 and August 1985. The Department of Finance asked the department to review the overtime worked by these employees to determine the reason for what appeared to be excessive use of overtime.

In response to the Department of Finance's concern, the Director of Transportation requested the Caltrans Audits Office to review the overtime claims of employees who had used large amounts of overtime. At the same time, the department's Office of Productivity Management assessed the effects of overtime on productivity. In addition, the department was concerned that some employees might be inappropriately claiming travel reimbursements. For this reason, the

Director of Transportation required Caltrans Audits Office to review travel claims and identify instances of inappropriate travel reimbursements. (The Department of Finance and the department's reviews of travel reimbursements and overtime use are summarized in Appendix A.)

SCOPE AND METHODOLOGY

The purpose of our review was to analyze and summarize the reviews made by the Department of Finance and the department on the department's management of travel expenses and overtime incurred by its employees. We also wanted to determine if the department's travel and overtime policies are consistent with the State's travel and overtime regulations, to review allegations of overtime and travel abuse by the department's employees, to summarize the disciplinary actions taken by the department for travel and overtime misuse, and to identify how much overtime the department's employees were working.

To analyze and summarize the reviews made by the Department of Finance and the department, we examined the reviews and their supporting documentation, identified limitations in the reviews, and evaluated the accuracy of the reviews' conclusions.

Further, we compared the department's travel and overtime policies to the State's regulations on travel and overtime to determine if the department's policies were consistent with the State's

regulations. We also received allegations of travel and overtime abuses from various sources and checked the validity of these allegations by reviewing travel claims and employee time sheets, by comparing travel and overtime claims to state regulations, and by comparing our results with the work performed by the department's internal auditors. To determine the extent of overtime use within the department, we obtained information from the State Controller from July 1985 through April 1986 identifying the total number of employees who worked overtime, the number of hours they worked, and the amount they were paid.

AUDIT RESULTS

THE DEPARTMENT OF TRANSPORTATION HAS NOT ADEQUATELY MANAGED ITS EMPLOYEES' TRAVEL AND OVERTIME

The Department of Transportation (department) has managed its employees' use of travel and overtime poorly. The department's policy for reimbursing employees for their mileage expenses when they use their own vehicles conflicts with state policy. Also, the department's policy of allowing its management employees to approve their own travel claims is improper. Furthermore, the department's policy of paying per diem to employees on long-term duty assignments is questionable when employees do not incur additional housing costs. In addition, the department's supervisors and managers are not reviewing their staff's travel claims properly, and the department lacks adequate control over airline tickets used by employees for state business. Lastly, the department's practices of paying overtime are inconsistent with its policy, and the practice of approving overtime in one of the department's districts is questionable. As of June 13, 1986, the department's internal reviews and our review identified over \$284,000 in inappropriate travel and overtime meals claimed by the department's employees.

For each of the issues mentioned in this report, the department has initiated or has completed corrective actions. Corrective actions include revising inappropriate or questionable

policies, seeking restitution from employees for inappropriate travel and overtime meal payments, and taking disciplinary actions against managers, supervisors, and employees who abused travel and overtime. (See Appendix B for a summary of disciplinary actions taken.)

The Department of Transportation's
Policy for Mileage Reimbursements
Is Inconsistent With State Policy

Our comparison of the department's travel policies with the State's travel regulations revealed that the department's policy for reimbursing its employees who use their own vehicles to conduct state business is inconsistent with state regulations and may have not complied with state regulations since 1971. (Our comparison of the department's travel policies and the State's travel regulations is shown in Appendix C). As a result, the department has overpaid its employees for using their privately owned vehicles by paying the employees up to 82 percent more than they were entitled to.

California Administrative Code Sections 599.630 and 599.631 require that the department first determine if a state vehicle is available before allowing employees to use their own vehicles. If a state vehicle is available, the employees must use the state vehicle unless authorized to use their own vehicle. However, if state employees are authorized to use their own vehicles when a state vehicle is available, they are allowed 16.5 cents per mile. According to a study prepared by the Fiscal Management Division of the Board of

Equalization, the approximate cost to operate a state vehicle is 16.5 cents per mile. If no state vehicle is available, the employees are allowed to be reimbursed at a higher mileage rate, between 20.5 and 30 cents per mile, depending on the costs the employees incur for operating their vehicles. The employees who receive the higher mileage reimbursement must certify that the reimbursement represents the costs of operating their vehicles and must be able to furnish sufficient proof that the costs are accurate.

The department's policy since 1971 has required employees who wish to receive the higher mileage reimbursements to agree to become "full-time" drivers who will use their own vehicles, rather than a state vehicle, on all state business. According to the department's policy, these drivers are reimbursed between 20.5 and 30 cents per mile depending on the cost of operating the vehicle. However, the department's policy does not comply with state regulations because, by electing to use their own vehicles without determining whether a state vehicle is available, the full-time drivers are allowed under state regulations only the 16.5 cents per mile rate. There are currently 2,133 full-time drivers in the department.

The department has been paying full-time drivers excessive mileage reimbursements. We reviewed the department's mileage records of 291 drivers who were reimbursed for driving over 2 million miles in their own vehicles from July 1985 through December 1985. We determined that these drivers were overpaid at least \$268,469 during this

six-month period as a result of the department's inappropriate mileage reimbursement policy. These drivers accounted for at least 36 percent of the department's total mileage reimbursements for July 1985 through December 1985.

The department revised its mileage reimbursement policy to conform with state travel regulations and plans to make the new mileage reimbursement policy effective July 1, 1986. Based on our review of the new policy, however, we believe the policy needs to be clarified to explain when and how an employee certifies that no state car is available.

The Department's Policy of Allowing Supervisors To Approve Their Own Travel Claims Is Improper

California Administrative Code Section 599.638 requires that all travel claims be signed by the claimant and the claimant's supervisor or another "appropriate authority." Most of the department's employees are required to adhere to this regulation. However, according to the Chief Deputy Director for Resource Management, the department had a long-standing practice of allowing managers to approve their own travel claims. Before May 20, 1986, at least 81 of the department's managers were allowed to approve their own travel claims. We examined the claims of 10 managers who signed and approved their own travel claims. The claims we examined amounted to almost \$173,100 in travel reimbursements since March 1983. We and the

Caltrans Audits Office have determined that 2 of the 10 managers were inappropriately overpaid.

One manager, the Deputy District Director for Administration (deputy district director) for district 7 (Los Angeles), was inappropriately paid \$8,042 primarily in long-term per diem payments. The deputy district director was sent to Los Angeles in March 1983 from the San Luis Obispo headquarters on a temporary assignment.

The department's employees on temporary assignments that keep them away from their primary residence for more than 30 days are entitled to a full long-term per diem reimbursement of \$41 to maintain their primary residence. If employees do not maintain a primary residence but remain on a temporary assignment at another headquarters away from their permanent headquarters, the employees are entitled to a half per diem even though they are not maintaining another residence.

The deputy district director claimed a long-term per diem from March 1983 through at least April 1986, receiving almost \$54,000 in total travel reimbursements. The deputy district director, however, stopped maintaining a primary residence in San Luis Obispo in May 1985. As a result, he inappropriately claimed almost \$4,482, the difference between the full and half per diem rates for one year.

The deputy district director during the time he was on long-term per diem also took trips to places such as Sacramento and

San Francisco. These trips entitled him to the higher short-term per diem rate of \$75 to \$95, the amount depending on where he traveled. However, during these trips, the deputy district director inappropriately claimed and was paid both long-term per diem and short-term per diem while he was entitled to receive only the short-term per diem. This error occurred because the deputy district director submitted two travel claims almost every month, one with short-term travel and one with long-term travel. This practice, along with the lack of supervisory review, allowed the deputy district director to inappropriately receive \$803 in double per diem payments. Furthermore, the deputy district director inappropriately received \$2,368 in per diem reimbursements while on vacation. The deputy district director also submitted inappropriate claims totaling \$389 for using his vehicle and for claiming reimbursement for meals.

We question an additional \$1,583 in reimbursements paid to the deputy district director. The department's and the Department of Personnel Administration's reviews of the deputy district director's travel claims allowed reimbursement for over 5,000 miles for the deputy district director's trips between Los Angeles and San Luis Obispo on weekends. The department's and the Department of Personnel Administration's rationale for allowing these reimbursements was to allow the deputy district director to return "home" for the weekends. The deputy district director, however, stopped maintaining a residence in San Luis Obispo in May 1985. As a result, between June 1985 and April 1986, the deputy district director claimed \$1,583 in

reimbursements for trips between Los Angeles and San Luis Obispo even though San Luis Obispo was no longer his home. Since the deputy district director was no longer maintaining a residence in San Luis Obispo, we question the department's rationale for continuing to pay mileage reimbursements for the deputy district director's trips between San Luis Obispo and Los Angeles on weekends.

According to the job description for the deputy district director, the deputy district director is responsible for directing the district units that investigate travel claims, process travel claims, and provide travel reimbursement information. Furthermore, the deputy district director should have knowledge of all state laws and regulations affecting the department. The position description also notes that a deputy district director's wrong decisions or mistakes in judgement could result in illegal or unwarranted expenditures of state funds.

The department required the deputy district director to pay \$8,042 in restitution for the inappropriate claims. In addition, the deputy district director has been reprimanded, demoted, and transferred, and two of his supervisors have been reprimanded.

Another manager, the Director of Transportation (director), was inappropriately paid travel reimbursements of \$1,231 between April 1983 and April 1986. In addition, the State incurred unnecessary costs of \$374 because the director inappropriately used a department

aircraft. On March 1, 1984, the director delegated responsibility for processing his travel claims to his secretary who says that the department's Deputy Director for Administration and Finance and the department's accounting office were to review and approve the director's travel claims. Despite this control, the director's travel claims contained errors amounting to \$1,231 in inappropriate claims and an unnecessary expenditure of \$374.

Inappropriate payments included \$1,207 for mileage reimbursements and \$24 for meals. Of the \$1,207 in inappropriate payments, \$788 is due to the director claiming 25 cents to 30 cents per mile for driving his personal car when a state car was available to him. Since a state car was available, the director was entitled to claim only 16.5 cents per mile. Also, the director inappropriately claimed a total of \$51 for commuting between his residence and the department's headquarters on two occasions.

Furthermore, Section 599.626 of the California Administrative Code limits reimbursements for travel to the least costly mode of transportation. The director inappropriately claimed \$186 for mileage reimbursement when he drove his personal car to Los Angeles from his residence in Yuba City; his claim should have been limited to the cost of the air fare to Los Angeles. Lastly, the director inappropriately claimed \$182 for mileage reimbursement from his home to field locations instead of claiming mileage from his office to the field locations. Section 599.626 of the California Administrative Code limits

reimbursement for trips such as these to the trip that costs the least. In certain instances, the director should have limited his claim to the mileage between his office and the field locations rather than from his home to the field locations because the trip from his office to the field locations costs less.

The director also inappropriately claimed \$24 for overtime meals. According to Section 599.623 of the California Administrative Code, the director is entitled to reimbursement for a meal only if he has a meal incidental to state business at least two hours before the normal work day or at least two hours after the normal work day. The director's claims were for meals that did not meet this criterion.

Finally, the State incurred unnecessary costs of \$374 when the director inappropriately used a department aircraft on Saturday, July 15, 1984, to transport him from Bishop to Reno to catch a flight to Chicago for official business. The director had been on vacation in Bishop. The cost of the flight was \$430. The director, however, under these circumstances was entitled only to private car mileage reimbursement of \$56. As a result, the State incurred an unnecessary expense of \$374.

On May 20, 1986, the department's management issued a memorandum that ended the practice of self-approval of travel claims. Furthermore, the Director of Transportation on June 10, 1986, directed the Caltrans Audits Office to audit the travel claims of 280 designated

department managers. Also, as of June 17, 1986, the director had paid \$1,605 in restitution.

The Department's Long-Term Assignment Policies Are Questionable

The department's employees on long-term assignment may receive long-term per diem for an unlimited time or receive per diem even when they do not maintain a primary residence. As a result, some employees on long-term assignments could receive more money from long-term per diem than they would receive through relocation allowances. Also, some employees on long-term assignments receive per diem of \$21 without incurring any additional housing costs that result from the long-term assignment. Although this practice is consistent with state regulations, we question the department's rationale for paying per diem in these circumstances.

The California Administrative Code and the department's travel policies allow all employees on assignments away from their headquarters for more than thirty days to receive long-term per diem. Employees are entitled to long-term per diem of \$41 when they maintain a primary residence occupied by their dependents or when the expense of maintaining their primary residence is more than \$200 a month. An employee who does not maintain a primary residence is entitled to a long-term per diem of \$21.

According to the department's Office of Financial Operations and Control, as of June 11, 1986, there were 225 employees on temporary duty status. Of the 225 employees on temporary assignments, 221 receive the \$41 per diem and 4 receive the \$21 per diem.

We reviewed the travel claims of five high-level department employees on temporary assignments. Two of the employees had been on these "temporary assignments" for over two years; the other three had been on assignment since January and February 1986. The first employee who was on long-term per diem for two years, the deputy district director for district 7, was found to have abused long-term per diem. (This employee is discussed in detail on page 8 of this report.)

Although Section 599.619 of the California Administrative Code allows payment of long-term per diem, we question the department's rationale behind paying \$21 per diem to employees who live and work at a temporary headquarters and do not incur any costs of maintaining another residence. The reason for long-term per diem is to allow the employees to maintain their primary residence while on a temporary assignment away from home. However, when the employee decides not to maintain a permanent residence, the apparent rationale for long-term per diem is no longer reasonable. In our opinion, the long-term \$21 per diem becomes an inequitable salary supplement, especially when two employees are in the same headquarters performing identical duties at the same salary level and one employee receives the \$21 per diem rate, a salary supplement of \$630 per month, that is not available to the other employee not on temporary assignment.

The second employee who had been on long-term per diem for more than two years had been appropriately receiving the long-term per diem. While the employee fully complied with all of the State's and the department's travel regulations, the department had paid the employee over \$24,320 in travel reimbursements before the employee went off long-term per diem. Furthermore, the deputy district director received a total of over \$53,760 in total travel reimbursements before he went off long-term per diem and was assigned permanently to the temporary location. Neither of these employees' assignments had time limits imposed on them.

Before June 10, 1986, the department had no time limit on the length of temporary assignments and had no procedures to compare the cost-effectiveness of long-term assignments to the costs of relocating employees. In contrast, the department does have specific requirements concerning the duration of temporary inter-district transfers between headquarters, which are limited to one year. While we cannot comment on the advisability of putting employees on temporary assignments and long-term per diem, we believe management should periodically review the costs of these assignments.

On June 10, 1986, the Director of Transportation revised the department's temporary assignment policy, which limits temporary assignments involving long-term per diem for management development to one year and requires the Director of Transportation's approval of each

temporary assignment for management development. This policy, however, affects only 3 of the 225 employees who are on long-term temporary assignments.

The Department Is Not Reviewing
Employees' Travel Claims Properly

The department's managers and supervisors have failed to conduct adequate supervisory reviews of employees' travel claims for reimbursement. In addition, it appears that the department has not adequately instructed its employees on how to properly prepare travel claims. In one of the department's units, 4 employees were disciplined for filing fraudulent travel claims, and 11 employees were required to pay \$4,899 in restitution for incorrect and inappropriate travel claims.

Travel requirements and the rates for travel reimbursement are set forth in Title 2 of the California Administrative Code. The department has developed an employee travel guide, which includes the Title 2 requirements and travel instructions for employees. Supervisors are responsible for ensuring that employees submit valid travel claims for reimbursements and that employees adhere to the department's policies and procedures. In addition, employees must certify that a claim for reimbursement is for official business and adheres to state regulations.

The department's internal auditors reviewed employees' travel claims in the department's Division of Structures (division). The auditors reviewed a sample of 177 travel claims filed by 84 of the division's employees. As a result of their review, the auditors questioned the travel claims of 28 of these employees. Using the information provided by the auditors, division management expanded the review of employees' travel claims. Because of this expanded review, one employee resigned after being requested to pay \$2,607 in restitution, one employee's salary was reduced, and two employees were suspended without pay. The specific reasons cited for these disciplinary actions were the employees' dishonesty and willful disobedience in filing false travel claims. Another 11 of the division's employees were required to pay \$4,899 in restitution for inappropriate or incorrect travel claims.

We examined the methods used in reviewing these travel claims in the division, and we also reviewed the 177 travel claims of the employees reviewed by the division. We found an additional \$931 in questionable costs missed by the auditors and the division. These questionable claims include incorrect computations, excessive mileage claims, and inappropriate claims for full per diem and meals. In addition, we found claims that lacked the employee's or supervisor's signature. As a result of our review, the division is reviewing additional travel claims for the employees whose claims we questioned. From this review, the division found similar inappropriate claims of at least \$310. As of June 13, 1986, the department had requested that one employee pay \$509 in restitution for overpayments found by our review.

According to the chief of the Office of Structure Construction within the division, the majority of the problems found in his office's employee travel claims resulted either from the lack of appropriate supervisory review or through the employees' failure to understand the department's travel regulations. The chief of the Office of Structure Construction stated that his office has reminded supervisors of their responsibilities concerning employee travel.

The Department Does Not
Adequately Monitor Its Employees'
Use of Airline Tickets

State regulations allow state employees to travel by airline, and the department's policy holds supervisors responsible for ensuring that airline tickets are used appropriately. The department, however, does not have sufficient controls to ensure that employees use airline tickets properly. In reviewing employee travel claims, the department identified two employees who misused airline tickets purchased by the State.

Section 599.628 of the California Administrative Code allows employees to use airline tickets purchased by the State. The employees may use a travel agency to purchase tickets or use a ticket provided through the department. Tickets provided by travel agents are billed directly to the department. The department's policy holds supervisors responsible for approving the ticket request and for ensuring that the ticket is used properly.

The department lacks sufficient controls to monitor the use of airline tickets purchased by the State. Supervisors do not receive billing reports that show when and if tickets are used. Thus, supervisors cannot reconcile employees' claims with records of actual airline use. Because of the lack of monitoring, at least two employees have misused airline tickets. One employee used eight airline tickets worth \$408 for other than official use. This employee resigned after being required to make restitution. And, in another case, an employee's wife inappropriately used one of her husband's airline tickets. The department reduced this employee's pay.

On May 19, 1986, the Chief Deputy Director of Resource Management issued a memorandum that reaffirmed the supervisor's role in monitoring airline travel. Furthermore, Caltrans Audits Office is conducting a review of selected district offices to determine the levels of inappropriate airline ticket use.

The Department's Procedures
for Paying Overtime Are Not
Consistent With Its Own Policy

The department does not exercise adequate management control over employees' overtime. Contrary to the department's policy, supervisors allowed employees to be paid overtime for accumulated breaks and lunch times. The department also reimbursed some employees for meal costs that were not properly documented or for meals that were not allowed because the employee did not work the number of hours

required by the department's overtime policy. (Our comparison of department overtime policies and state overtime regulations can be found in Appendix D.)

In district 4 (San Francisco), 230 employees may have claimed more overtime than they worked. The department's internal auditors identified these employees by comparing the times on the building security logs, which show the times employees signed in and out at the buildings they worked, with the times on the employees' monthly time sheets. The period reviewed was from July 1984 through March 1986. The internal auditors presented these findings to headquarters and district 4 management for resolution. As of June 10, 1986, representatives of headquarters and district 4's management interviewed 107 employees with significant discrepancies between logged-in time and the time claimed on their time sheets, as well as supervisors and managers responsible for controlling and monitoring the employees' use of overtime. As a result of information obtained during the interviews, headquarters and district 4 management took disciplinary action against 9 employees. The disciplinary actions include one demotion with restitution, 5 reprimands, 2 reductions in pay, and one reduction in pay with restitution.

Also, contrary to its own policy, the department's supervisors are allowing employees to claim and be paid for more overtime than they actually worked. The department's Policy and Procedure 77-13 prohibits employees from being paid overtime for working through their breaks and

lunch periods. During their review of overtime, the department's internal auditors found that supervisors had established an informal policy that allowed their employees to work through their breaks and lunch periods on weekends, to leave early, and to claim the time that they would have taken for lunch and breaks as overtime worked. For example, an employee might work for seven hours on a Saturday and not take lunch or breaks, but the employee would claim eight hours of overtime on his or her time sheet. According to the internal auditors' review, employees worked under this informal policy between July 1984 and March 1986. Two supervisors were disciplined as a result of this review.

In addition, the internal auditors found that the department's supervisors were not reviewing claims for overtime meals to ensure that the documentation supporting employees' claims met with departmental policy. The department's Policy and Procedure 77-13 pertaining to overtime meal expense claims states that such claims must be supported by receipts that clearly indicate the name and address of the place where the meal was purchased and the date it was purchased. However, the internal auditors identified many claims containing meal receipts that did not indicate where the meals were purchased. Further, in several instances, meal receipts for the same restaurants were submitted out of sequence. For example, receipt number 002, dated September 1, 1985, was submitted before receipt number 001, dated October 2, 1985. Also, the internal auditors noted that some of the receipts they examined appeared to have altered dates and amounts.

As of May 9, 1986, the department had sought restitution amounting to \$619 for inappropriate overtime meal claims from two employees. To confirm the internal auditors' finding on overtime meals, we made a limited review of five employees' overtime meal claims during a one-month period. We found that all five had been reimbursed for meals that were not properly documented according to the department's policy. We also found that two employees were paid for meals even though they had not worked the number of overtime hours specified by the department's policy to qualify for a meal at state expense.

The department's internal auditors attribute this lack of control of overtime in district 4 to a failure by this district's management to personally monitor the amount of overtime their staff is working. Over a period of two to three years, some employees were working extended work weeks which consisted of five 12-hour work days and 8 hours on Saturday, yet there was no district policy requiring the manager to be on the job site during these extended work hours to confirm that employees were actually working. Additionally, although the department produces reports which show cumulative amounts of overtime worked by individuals and by units, managers have not used this information to monitor and control their employees' usage of overtime. We examined and tested the internal auditors' methodology for identifying overtime abuses in district 4, and we concur with their findings.

However, because of limitations in the scope of the internal auditors' reviews, there are additional areas of concern that were not addressed. The review of overtime was limited to district 4. We found 866 employees throughout the other districts and headquarters who were paid for 300 or more hours of overtime from July 1985 through April 1986. (See Appendix E for a complete listing of overtime worked by districts' and headquarter's staff from July 1985 through April 1986.) In addition, the internal auditors concentrated only on discrepancies between the building security log time and employees' time sheets. Employees were not questioned about overtime hours worked if they did not sign the building security logs. Also, there is no guarantee that an employee who signed the log was working or was even in the building. Those employees who consistently did not sign the logs were not held accountable, whereas employees who did sign the logs were held accountable. For example, one employee logged in on one Saturday for 5 hours of overtime but claimed 8 hours of overtime for that day on his time sheet. Using the internal auditors' methodology, he was accountable for only the 3 hours he was not logged in on that Saturday. Actually this employee should have been held accountable for an additional 92 hours of overtime because he had recorded on his time sheet 92 hours of overtime that had not been recorded in the log.

Furthermore, we are concerned that the department did not determine whether the overtime claimed by employees was necessary or productive. The department's Office of Productivity Management assessed the effects of overtime on productivity. Even though the

Office of Productivity Management concluded that the overtime did not adversely affect productivity in district 4, it did not consider whether the projects warranted any overtime at all. In addition, it did not consider whether there was a decrease in the productivity levels of employees working large amounts of overtime over an extended period. Without examining the quality and quantity of work produced by these employees, it is impossible to determine if the large amounts of overtime they worked was justified.

On May 12, 1986, the Chief Deputy Director of Resources Management issued a memorandum to the department's managers and supervisors reiterating the department's policy for claiming meals for overtime worked. In addition, the Director of Transportation requested that district directors review individuals with overtime use exceeding 350 hours in fiscal year 1984-85 and individuals with overtime use exceeding 20 percent of normal time worked in fiscal year 1985-86. He also prohibited employees from working more than 480 hours of overtime within a fiscal year. Finally, on June 10, 1986, the Director of Transportation expanded the internal review of overtime use begun at district 4 to other district offices. This expanded review will focus on administrative controls in place to control significant overtime users.

District 4's Practice of
Approving Overtime Is Questionable

According to the department's overtime policy, the authority to use overtime is delegated to the division chiefs and district directors. The supervisors within the divisions are responsible for scheduling overtime, assigning overtime to employees, approving overtime worked, and monitoring work performed during overtime. In district 4, supervisors are required to keep records of all individuals who work overtime. However, the department's internal auditors found that second-level supervisors in district 4 were not working while the overtime was being worked and that first-line supervisors in district 4 did not always keep track of the amount of overtime hours worked by the employees under their supervision. We do not believe that this practice provides for sufficient control of overtime use. Approval of overtime should take place as close to the date the work is to be performed as possible. Once the overtime has been worked, supervisors should compare the overtime claimed on the employees' time sheets with their own records of employee overtime and resolve any discrepancies noted.

CONCLUSION

The Department of Transportation has mismanaged employee travel and overtime. Our review and various reviews performed by the department identified more than \$284,000 of inappropriate travel and overtime meal reimbursements to

employees. The inappropriate reimbursements occurred primarily because the department's policy governing mileage reimbursement for employees using their own vehicles was inconsistent with state regulations.

Furthermore, the department allowed some employees to approve their own travel expense claims, and the department has a questionable policy of paying per diem and mileage to employees on long-term temporary assignments. In addition, the department has failed to supervise and review employee travel claims, and lacks control over the use of airline tickets purchased by the State.

Also, some department supervisors inappropriately allowed employees to be paid for accumulated breaks and lunch periods, allowed reimbursement for overtime meals that were not properly documented, and allowed employees to claim overtime meals without working the required number of hours to justify the meals. Lastly, district 4's practice of approving overtime is questionable.

RECOMMENDATIONS

To improve its control over employees' travel claims, the Department of Transportation should do the following during its on-going efforts to correct travel abuses and overtime misuse:

- Adhere to state regulations concerning travel;
- Instruct supervisors on the State's and the department's travel policies;
- Require supervisors to be more thorough in reviewing employees' travel claims;
- Instruct employees on travel regulations including procedures for preparing travel claims and for certifying that no state vehicle is available;
- Direct the Caltrans Audits Office to conduct limited audits of controls over travel claims in those offices and districts with high levels of travel;
- Review the travel claims of employees who had self-approved travel claims;
- Require employees who have filed incorrect or inappropriate travel claims to pay restitution and be disciplined, if applicable; and
- Develop a monitoring system for the use of airline tickets.

To improve its policies concerning long-term assignments, the department should do the following:

- Consider the costs and benefits of long-term assignments versus the costs and benefits of relocating an employee, before making a transfer decision;
- Place time limits on long-term assignments or periodically reassess long-term assignments to determine if the cost of these assignments is becoming excessive; and
- Clarify the policies concerning payment of long-term per diem and mileage to employees who do not maintain a permanent residence.

To eliminate overtime abuse and to make sure that all overtime is used efficiently, the department should do the following:

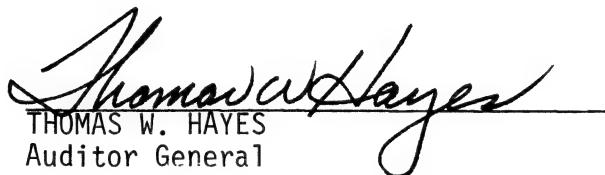
- Hold managers directly accountable for the overtime that their employees work;
- Review overtime to determine if the overtime worked was necessary for the job;

- Evaluate the efficiency and effectiveness of individuals required to work large amounts of overtime over extended periods of time; and

- Review overtime meal claims throughout the department to determine if the department's policies are being followed and to recover payments made for unearned or undocumented meals.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Date: June 23, 1986

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APPENDIX A

ANALYSIS OF REVIEWS PERFORMED BY THE DEPARTMENT OF FINANCE AND THE DEPARTMENT OF TRANSPORTATION

This appendix summarizes our analysis of the reviews done by the Department of Finance and the Department of Transportation of employees' use of travel and overtime.

DEPARTMENT OF FINANCE

1. In February 1986, the Department of Finance identified Department of Transportation employees who worked an average of 100 hours per month of overtime for any two months during the 13 months from August 1984 through August 1985.

Summary of Review

This study identified 20 Department of Transportation employees who had worked between 1,150 and 2,100 hours of overtime for the 13 months from August 1984 through August 1985.

Limitation of Review

This study did not independently determine whether overtime was excessive. The Department of Finance gave responsibility for reviewing the overtime use to the Department of Transportation.

DEPARTMENT OF TRANSPORTATION

1. In April 1986, the department reviewed the overtime of 20 employees identified by the Department of Finance and one additional employee identified by the Department of Transportation. These employees were reviewed because they had used what appeared to be an excessive amount of overtime.

Summary of Review

When the internal auditors reviewed the overtime of the 21 employees and found discrepancies between the employees' time sheets and the sign-in/sign-out logs, the Department of Transportation's review of overtime was extended to a sample of 107 more district 4 employees.

The auditors concluded that management is not adequately monitoring or controlling employees' overtime, employees were paid for overtime that they did not work, and overtime meal claims were not adequately documented or reviewed. The auditors recommended that

the study should be expanded to more employees and that additional testing of overtime meal claims should be done.

Limitation of Review

Because of inadequate documentation, much of the overtime could not be verified. Furthermore, the auditors did not determine if the time worked was necessary or productive.

This study was also limited to 128 employees in district 4 and the Sacramento headquarters of the Department of Transportation.

2. The department is reviewing weekend and holiday overtime of district 4 employees who signed the building security logs at either 150 Oak Street or 3333 California Street in San Francisco between July 1984 and March 1985. This report is in progress.

Summary of Review

The auditors compared times recorded in each building's security log to times claimed by the employees each day that the employees claimed overtime on weekends and holidays on their time sheets. At least 230 employees had claimed more time on their time sheets than they had recorded in the building logs. The auditors found that some supervisors had informal policies that allowed employees to be paid for more time than they actually worked. The resolution of overtime variances between building logs and time sheets was turned over to headquarters and district 4 management.

Limitation of Review

Overtime on normal work days was excluded from the review. Any day that an employee did not log in and out yet claimed overtime was not included. Furthermore, employees who consistently did not use the security logs were not held accountable for their overtime. The auditors did not determine if time worked was necessary or productive. The study included only one district, although other districts also used overtime.

3. In June 1986, the department's Office of Productivity Management reviewed district 4 overtime usage and productivity.

Summary of Review

This review compared the amount of overtime used in district 4 with the amount of overtime used in other districts. It focused on all projects using more than one personnel year of overtime. It compared district 4's "percent of engineering" with other districts. (Percent of engineering is direct engineering charges to produce the project divided by the contract allotment for construction of the project.) Because of significantly high overtime use on one project, the review suggests that the district review its approach to responding to public concerns. District 4

has used significantly more overtime than other districts. However, the study concluded that the use of overtime has not adversely affected district 4's productivity.

Limitation of Review

The study did not examine productivity of individual employees. It did not associate individual high overtime users with projects they worked on. Furthermore, the percent of overtime used on each project was not compared to the regular time spent on each project. The percent of engineering comparisons involved only completed projects so most of the high overtime projects were not included in the comparisons since they were not completed.

4. In March 1986, the department's auditors issued a report on their review of employee travel claims from the Division of Structures.

Summary of Review

The auditors reviewed a sample of 84 employees' travel claims from October through November 1985 and found questionable claims for 28 of these employees. The auditors presented the results to the branch chief and permitted the employees' supervisors to resolve the questionable claims with the employees.

Limitation of Review

The review was limited because the auditor's review was only a cursory one of employees' travel claims and airline billing reports. Furthermore, the auditors turned over the results of the review to the supervisors who had originally allowed the errors to occur.

5. On June 4, 1986, the department's auditors reviewed travel and per diem claims submitted by the Deputy District Director for Administration of district 7.

Summary of Review

Claims from March 1983 through April 1986 were reviewed for compliance with department policy. The deputy district director was overpaid \$8,042 in mileage and per diem reimbursement. As of June 10, 1986, the deputy district director was asked to make a restitution to the State of \$8,042 and was demoted on June 18, 1986.

Limitation of Review

The auditors did not question the private car mileage reimbursement claimed by the deputy district director and did not question concurrent claims for per diem and mileage the deputy district director claimed on the weekends.

6. On June 6, 1986, the department's auditors audited the travel claims of the Director of Transportation between April 1983 and May 1986.

Summary of Review

The Director of Transportation was overpaid \$1,231 because he claimed mileage reimbursements higher than allowed by state regulations and was not eligible to receive reimbursement for certain meals. Also, the State incurred \$374 of unnecessary cost due to the director's inappropriate use of a department aircraft. By June 17, 1986, the Director of Transportation had paid back to the State \$1,605.

Limitation of Review

None.

APPENDIX B

**SUMMARY OF DISCIPLINARY ACTIONS TAKEN
AS OF JUNE 11, 1986 AGAINST THE DEPARTMENT
OF TRANSPORTATION'S EMPLOYEES WHO ABUSED
OVERTIME AND TRAVEL REIMBURSEMENT**

<u>Disciplinary Actions Taken</u>	<u>Number of Employees</u>
<u>Per Diem Claims</u>	
Dismissal	1
Suspension	2
Reduction in pay	1
Letter of reprimand (supervisor)	2
<u>Overtime and Overtime Meals</u>	
Demotion	1
Reduction in pay	5
Official reprimand (supervisor)	5
Letter of reprimand (supervisor)	2
Corrective interview (supervisor)	2
<u>Overtime and Mileage Claims</u>	
Dismissal	1
Demotion (supervisor)	1
Letter of reprimand (supervisor)	1
Total Number of Employees	<u>24</u>

**COMPARISON OF THE DEPARTMENT OF PERSONNEL
ADMINISTRATION'S TRAVEL REGULATIONS TO THE
DEPARTMENT OF TRANSPORTATION'S TRAVEL POLICIES**

Department of Personnel Administration (DPA) Regulations	Department of Transportation (Department Policies)	Office of the Auditor General's Conclusions
<p>1. DPA regulations generally cover travel reimbursement in Sections 599.615 to 599.638.</p> <p>2. A noncommercial subsistence allowance of \$41 per day will be authorized when the traveler incurs expenses comparable to those arising from the use of non-commercial subsistence facilities such as, but not limited to, house trailers or camping equipment.</p> <p>3. DPA regulations generally cover travel reimbursement in Sections 599.615 to 599.638.</p> <p>4. DPA regulations list time guidelines for fractional parts of periods of travel of more than 24 hours.</p> <p>5. DPA regulations generally cover privately owned vehicle use in Sections 599.626 to 599.632.</p> <p>6. DPA regulations only stipulate that mileage reimbursement will cover the minimum state requirements for insurance when employees operate their vehicles on state business.</p> <p>7. DPA regulations categorize drivers of privately owned vehicles into two categories: represented employees and non-represented employees. Represented employees are entitled to higher mileage rates if no state vehicle is available and they use their own vehicles (\$.205 to \$.30 per mile). Nonrepresented employees are permitted to use their own vehicles even if a state vehicle is available, at \$.165 per mile, or to the higher rates if no state vehicle is available.</p>	<p>1. To claim a meal expense, employees must actually consume the meal more than 25 miles from their headquarters.</p> <p>2. Employees on short-term travel status will be reimbursed at the noncommercial rate when staying with friends or relatives or in other noncommercial facilities; i.e., tent, trailer, or recreational vehicle (RV).</p> <p>3. To claim a travel allowance, employees must be more than 25 miles from their headquarters or assigned geographical area.</p> <p>4. The department lists guides to allowable costs by "before and prior to" times.</p> <p>5. Form DME-205E, Authorization To Use Privately Owned Vehicles, must be on file.</p> <p>6. The department specifies the insurance requirements for the use of privately owned vehicles for state business.</p> <p>7. The department has placed its employees in two categories for privately owned vehicle use and reimbursement; full-time and intermittent drivers. Full-time drivers agree to use their private vehicles for all state business and are not required to make a statement on their travel expense claims stating that no state vehicle was available at that time.</p>	<p>1. The department's policy is consistent with DPA regulations.</p> <p>2. The department's policy is consistent with DPA regulations.</p> <p>3. The department's policy is consistent with DPA regulations.</p> <p>4. The department's policy is consistent with DPA regulations.</p> <p>5. The department's policy is consistent with DPA regulations.</p> <p>6. The department's policy is consistent with DPA regulations.</p> <p>7. This policy is not in compliance with current or past DPA regulations governing use of and reimbursement for privately owned vehicles used for state business.</p>

Department of Personnel Administration (DPA) Regulations	Department of Transportation (department Policies)	Office of the Auditor General's Conclusions
18. DPA regulations generally cover moving and relocation in Sections 599.714 to 599.724.	18. The department's policy describes when an employee may exceed the maximum allowances for moving.	18. The department's policy is consistent with DPA regulations.

Department of Personnel Administration (DPA) Regulations	Department of Transportation (Department Policies)	Office of the Auditor General's Conclusions
8. DPA regulations generally cover privately owned vehicle usage in Sections 599.626 to 599.632.	8. The department's policy requires that employees be notified of the IRS regulations requiring them to keep records of their vehicle operating costs.	8. The department's policy is consistent with DPA regulations.
9. DPA regulations generally cover travel policy in Sections 599.615 to 599.638.	9. The department's employees are allowed to make their own travel arrangements.	9. The department's policy is consistent with DPA regulations.
10. DPA regulations generally cover airline travel in Section 599.628.	10. The department's employees will turn over premiums for discount airline fares to the department's accounting office.	10. The department's policy is consistent with DPA regulations.
11. DPA regulations generally cover airline travel in Section 599.628.	11. The department lists the current airlines it is contracting for services with and the exceptions allowed for using the services of airlines not contracted with.	11. The department's policy is consistent with DPA regulations.
12. DPA regulations generally cover airline travel in Section 599.628.	12. The department requires that the accounting office be notified when out-of-state travel is unapproved or cancelled.	12. The department's policy is consistent with DPA regulations.
13. DPA regulations generally cover transportation in Sections 599.625 to 599.638.	13. The department's policy describes the reimbursement for bicycles, motorcycles, taxi service, Sacramento Metropolitan Limousine service, and inter-city transportation.	13. The department's policy is consistent with DPA regulations.
14. DPA regulations provide sections for both represented and nonrepresented employees.	14. The department makes no represented/nonrepresented distinction between employees for relocation allowances except that represented employees must submit receipts for lodging to gain the maximum authorized expense reimbursement.	14. The department's policy is consistent with DPA regulations.
15. DPA regulations generally cover moving and relocation in Sections 599.714 to 599.724.	15. All employees are allowed privately owned vehicle mileage one way/one time on a relocation.	15. The department's policy is consistent with DPA regulations.
16. DPA regulations generally cover moving and relocation in Sections 599.714 to 599.724.	16. The department's relocation policy makes distinctions between miscellaneous costs by type of loans.	16. The department's policy is consistent with DPA regulations.
17. DPA regulations generally cover moving and relocation in Sections 599.714 to 599.724.	17. The department's policy requires that employees be notified of federal and state withholding regulations regarding moving and relocation expenses.	17. The department's policy is consistent with DPA regulations.

**COMPARISON OF THE DEPARTMENT OF PERSONNEL
ADMINISTRATION'S OVERTIME REGULATIONS TO THE
DEPARTMENT OF TRANSPORTATION'S OVERTIME POLICIES**

Department of Personnel Administration (DPA) Regulations*	Department of Transportation (Department) Policies	Office of the Auditor General's Conclusions
<p>1. Employees in workweek group 4C can be paid for overtime in the event of a strike by state employees.**</p> <p>2. Employees in workweek group 1 with accumulated 240 hours of overtime cannot be required to work any more overtime. Other employees can be required to exceed 240 hours in the case of an emergency.**</p> <p>3. DPA regulations generally cover overtime in Sections 599.700 to 599.711.</p> <p>4. DPA regulations generally cover overtime in Sections 599.700 to 599.711.</p> <p>5. The department can decide when employees may use their CTO.</p> <p>6. DPA regulations generally cover overtime in Sections 599.700 to 599.711.</p> <p>7. DPA regulations generally cover overtime in Sections 599.700 to 599.711.</p>	<p>1. The department does not have a specific policy regarding 4Cs working through strikes.</p> <p>2. Employees must not accumulate more than 240 hours of compensatory time off (CTO).</p> <p>3. Rest periods may not be accumulated; therefore they do not contribute to overtime.</p> <p>4. There is a maximum hourly rate that can be paid employees for overtime in workweek group 4A.</p> <p>5. The employee's needs should be considered in granting CTO unless there are workload restraints.</p> <p>6. Employees called back for a specific job should be released when the job is completed.</p> <p>7. Employees called back due to storm conditions should remain for a minimum of 4 hours and longer if required.</p>	<p>1. The department's policy is consistent with DPA regulations.</p> <p>2. The department's policy is consistent with DPA regulations.</p> <p>3. The department's policy is consistent with DPA regulations.</p> <p>4. The department's policy is consistent with DPA regulations.</p> <p>5. The department's policy is consistent with DPA regulations.</p> <p>6. The department's policy is consistent with DPA regulations.</p> <p>7. The department's policy is consistent with DPA regulations.</p>

*For represented employees, the memorandum of understanding between the Department of Transportation and the employees prevails if it conflicts with DPA regulations (Government Code Section 19843).

**Each civil service class is assigned to a workweek group by the State Personnel Board. In general:

- (1) Workweek group 1 works a 40-hour week. Anything else is either CTO or paid overtime at time-and-a-half.
- (2) Workweek group 4A works a 40-hour week and may earn CTO or paid overtime at time-and-a-half.
- (3) Workweek group 4C works a minimum average of 40 hours and cannot earn CTO or paid overtime.
- (4) Workweek group 4D17 works a minimum average of 40 hours and receives overtime on their regular days off hour-for-hour.

Department of Personnel Administration (DPA) Regulations	Department of Transportation (department) Policies	Office of the Auditor General's Conclusions
8. DPA regulations generally cover overtime in Sections 599.700 to 599.711.	8. An employee can be given administrative time off to rest if a call back is anticipated and the State will benefit.	8. The department's policy is consistent with DPA regulations.
9. DPA regulations generally cover overtime in Sections 599.700 to 599.711.	9. Call back time begins when employees leave home for work and ends upon return to their residence.	9. The department's policy is consistent with DPA regulations.
10. DPA regulations generally cover overtime in Sections 599.700 to 599.711.	10. The department's policy contains six standards regarding work shift assignments.	10. The department's policy is consistent with DPA regulations.
11. DPA regulations generally cover overtime meals in Sections 599.622 to 599.623.	11. If an employee is required by circumstances to be on the job through a meal, an employee may eat on state time.	11. The department's policy is consistent with DPA regulations.
12. DPA regulations generally cover overtime meals in Sections 599.622 to 599.623.	12. Employees may not claim overtime if they choose to eat at their desk.	12. The department's policy is consistent with DPA regulations.

**ANALYSIS OF THE DEPARTMENT OF
TRANSPORTATION'S OVERTIME USE
FROM JULY 1985 THROUGH APRIL 1986**

District	Number of Employees Who Were High Users of Overtime*	Number of Employees Working Any Overtime	Percent of Employees Who Were High Users	Number of Overtime Hours Worked by High Users	Total Overtime Hours Worked by All Employees	Percent of Overtime Hours Worked by High Users	Amount Earned for Overtime by High Users	Total Dollar Amount Earned by All Employees on Overtime	Percent of Overtime Dollars Earned by High Users
								\$ 370,422	36.4
1 Eureka	49	408	12.0	20,150	55,587	36.3	\$ 370,422	\$ 1,017,261	36.4
2 Redding	122	482	25.3	52,319	93,640	55.9	814,098	1,540,295	52.9
3 Marysville	319	907	35.2	160,735	222,346	72.3	2,148,401	3,307,712	65.0
4 San Francisco	439	2,422	18.1	217,671	418,331	52.0	4,196,163	7,711,818	54.4
5 San Luis Obispo	13	351	3.7	5,586	24,500	22.8	115,861	472,495	24.5
6 Fresno	24	440	5.5	10,216	43,571	23.4	170,951	791,705	21.6
7 Los Angeles	99	1,883	5.3	39,994	175,546	22.8	803,642	3,379,078	23.8
8 San Bernardino	51	649	7.9	21,048	72,292	29.1	429,308	1,385,501	31.0
9 Bishop	38	226	16.8	17,416	37,045	47.0	234,734	564,776	41.6
10 Stockton	87	575	15.1	52,248	95,198	54.9	575,945	1,322,889	43.5
11 San Diego	18	715	2.5	7,232	56,652	12.8	114,640	1,032,575	11.1
Administration	46	1,196	3.8	20,639	91,752	22.5	453,271	1,958,386	23.1
Total	<u>1,305</u>	<u>10,253</u>	<u>12.7</u>	<u>625,254</u>	<u>1,386,460</u>	<u>45.1</u>	<u>\$10,427,436</u>	<u>\$24,484,491</u>	<u>42.6</u>

*"High users" are employees who earned 300 or more hours of overtime during the period.

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GEORGE DEUKMEJIAN
GOVERNOR OF
CALIFORNIA

Alcoholic Beverage Control
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California Highway Patrol
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Economic and Business Development



BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Insurance
Housing and Community Development
Motor Vehicles
Real Estate
Savings and Loan
Transportation
Teale Data Center
Office of Traffic Safety

June 20, 1986

Mr. Thomas Hayes
Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes,

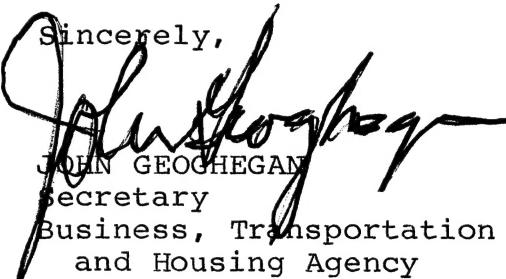
Draft Report on Caltrans Management of Overtime and Travel

Thank you for the opportunity to comment on your draft report covering Caltrans actions to improve the management of overtime and travel. In order to put this report and our response into perspective I believe we need to consider the reason you were asked to perform the audit. For several months Caltrans has been actively reviewing the management of overtime and travel related items such as private car usage and travel expense claims. The reviews have resulted in a significant number of personnel actions, improved rules and a heightened level of awareness among all people in the Department on the need to use good business sense in following the rules.

The Legislature upon hearing of these actions requested an independent review by your staff to ensure that any abuses were being dealt with and that Caltrans management is in control. I believe that the statement on Page 5 of your draft report which reads as follows: "For each of the issues mentioned in this report, the Department has initiated or has completed corrective actions" should put these legislative concerns to rest. The report also verifies that all of Caltrans travel policies with one exception are in compliance with the Department of Personnel Administration's regulations. The exception involves the Department's full time driver concept developed during the early 1970's to reduce the size of the State fleet and our overall costs. While the concept was good, it was not updated consistent with current regulations. A revised policy has recently been issued in compliance with the regulations.

Mr. Thomas Hayes
Page 2
June 20, 1986

We appreciate the recommendations of your staff and will incorporate them into our action plan. In our 60 day response to your final report we will be able to report on the conclusion of a significant number of actions currently underway and will provide a status report for those yet to be completed. I appreciate the professional conduct of your staff. I am convinced that their recommendations and the actions taken by Caltrans will result in an even stronger organization.

Sincerely,

JOHN GEOGHEGAN
Secretary
Business, Transportation
and Housing Agency

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps